



**STATEMENT OF PROCEEDINGS FOR THE
SPECIAL MEETING OF THE
LOS ANGELES COUNTY COMMISSION ON INSURANCE**

**500 WEST TEMPLE STREET, ROOM 374-A
LOS ANGELES, CALIFORNIA 90012**

Tuesday, July 12, 2011

1:00 PM

Present: Chairman Svonkin, Vice Chair Falcon, Commissioner Blake,
Commissioner Brown J.D., Commissioner Lohr, Commissioner
Nash, Commissioner Torres and Commissioner Vicencia

Excused: Commissioner Binder

Call to Order (11-3164)

The meeting was called to order by Chairman Svonkin at 1:00 p.m.

1. The Pledge of Allegiance will be led by Scott Svonkin

The Pledge of Allegiance was led by Chairman Svonkin.

I. PRESENTATION

2. Presentation by Dave Jones California State Insurance Commissioner on the goals he would like to accomplish during his term. (11-3166)

Chairman Svonkin welcomed California State Insurance Commissioner Dave Jones. Self introductions were made by everyone present.

State Insurance Commissioner Jones shared the following overarching priorities:

1. Implementation of the federal Affordable Care Act (ACA).
2. Making the department of insurance the most successful consumer advocacy department in the nation with focus on regulating and making sure consumers and businesses are protected.
3. Ensuring that we have a vibrant, healthy insurance market in each of the important product lines where people need insurance.

State Insurance Commissioner Jones explained that the ACA would be implemented in stages and would change how health insurance is provided on the state and federal level. He described the immediate benefits Californians received as of January 1, 2011:

- Tax credits for seniors on Medicare.
- Tax credit for Small business owners providing employees health insurance benefits.
- Parents can provide insurance coverage for children under age 26.
- Reduced co-pay and deductibles on preventive care.
- Children with pre-existing conditions are entitled to receive “children only” health insurance regardless of the pre-condition. In addition, an open-enrollment period each year on the birthday of the child in which the premium is capped at no more than two times the amount a healthy child would be charged for insurance.

State Insurance Commissioner Jones explained one of the most important implementations of the ACA is requiring that a percentage of the premium dollar go to health care costs and not overhead for the insurance company. He referred to this as the Medical Loss Ratio in which the individual market is 80% of the premium dollar and 85% in the group market. By raising this standard, more money goes to actual health care.

He went on to provide the plans moving towards 2014. This plan included establishing a new Health Benefits Exchange which would offer a market place where the buying power of Californians without health insurance can be combined creating a huge group that provides leverage in negotiating with HMO's and health insurers to get better prices.

He provided information on his sponsorship of Assembly Bill 52 which he described as the missing piece in health care reform. Under this Bill, the State Insurance Commissioner has the authority to reject excessive health insurance rate hikes. The rates must be sufficient to cover medical costs, administrative costs, and yield a reasonable profit for the insurance company. The Bill is designed to provide protections for the insurer and the insured.

He briefly discussed the following additional areas of the insurance market which he has been working to improve and regulate:

- Residential earthquake insurance
- Homeowner's insurance
- Auto insurance

- Life insurance
- Reverse mortgage
- Annuities
- Long-term care insurance
- Worker's compensation insurance

State Insurance Commissioner Jones added that he is taking an aggressive approach on investigating fraud with more specific focus on medical provider fraud.

After the presentation, discussion ensued between the committee and Commissioner Jones prior to his departure.

II. ADMINISTRATIVE MATTER

3. Update on letter to the Board of supervisors, requesting support of AB 52 introduced by Assemblyman Mike Feuer relating to health care coverage. (11-2475)

On motion of Vice Chair Falcon, seconded by Commissioner Blake, the Commission moved to approve a letter to the Board of Supervisors, requesting support of Assembly Bill 52 (Feuer/Huffman).

Attachments: [SUPPORTING DOCUMENT](#)

III. MISCELLANEOUS

Public Comment

4. Opportunity for members of the public to address the Committee on items of interest that are within jurisdiction of the Committee. (11-3261)

There were no members of the public present to address the Commission.

Adjournment

5. Adjournment for Meeting of July 12, 2011. (11-3165)

The meeting was adjourned at 2:13 p.m.